



Alabama Department of Economic And Community Affairs

GUY HUNT
GOVERNOR

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DIRECTOR

ALABAMA CDBG INTERGOVERNMENTAL POLICY LETTER NUMBER 7 (Revision 1)

TO: Persons Interested in State
CDBG Program

FROM: Don C. Hines, Ph.D., Chief,
Planning and Economic Development Division

POLICY ON PROGRAM INCOME*

Grantees shall return to the state any interest earned on grant funds advanced by the state except interest on rehabilitation loans or revolving funds.

All other Program Income earned during any period under which the community is assisted by state CDBG funds shall be retained by the community, unless otherwise stated in the Agreement between the community and the state, and used for approved activities in accordance with the following rules:

1. To the maximum extent feasible, Program Income shall be disbursed prior to making additional draws from the state to finance approved community development activities as follows:
 - a. Program Income in the form of repayments to a revolving fund established to carry out an activity shall be substantially disbursed from such fund before additional draws are made for the same activity.
 - b. all other Program Income shall be substantially disbursed for any approved activity before additional draws are made.